(*b*) the amount so far invested ;

(*c*) for what amount has this Government placed orders in America for purchase of machinery and plant requisite for the factory ;

(*d*) who is the authority having power to appoint and select the subordinate staff necessary for the factory ; and

(*e*) do the Government expect the Fertiliser a profit deriving concern ?

RAJYASEVAPRAVINA G. PARAMESWARAN PILLAI: (*a*) Information not yet available.

(*b*) Rs. 12,50,000 in shares.

(*c*) Government have placed no orders in America for purchase of machinery and plant for this factory.

(*d*) The factory is a limited liability company with its own authority in such matters.

(*e*) Yes, in the sense that the factory will be of paramount importance to agriculture. Government's policy is to make a reasonable profit on the fertiliser section of the business, keeping the needs and purchasing power of the cultivators in view.

Fertilisers and Chemicals Ltd., Alwaye.

5. **MR. P. O. THOMAS :** Will the Government be pleased to state :

(*a*) whether the Government has entered into any arrangement with the Fertilisers and Chemicals Ltd., at Alwaye with respect to any part of the reserve forests in the State ;

(*b*) if so, what is the extent of the reserve forests included in the arrangement ;

(*c*) what are the terms of the arrangement ; and

(*d*) whether the terms are in any way concessional to the company ?

RAJYASEVAPRAVINA G. PARAMESWARAN PILLAI : (*a*) It is proposed to work certain areas in the State forests for the supply of firewood and charcoal to the Fertilisers and Chemicals, Travancore Ltd. No definite arrangements have been entered into in this direction.

(*b*) to (*d*) These do not arise in view of the answer to part (*a*).

Employees in the Fertilisers and Chemicals, Ltd.

6. **MR. P. O. THOMAS :** Will the Government be pleased to state :

(*a*) the number of employees in the Fertilisers and Chemicals Ltd., drawing a salary of Rs. 100 and above;

(*b*) how many of them are technically qualified ;

(*c*) how many of them are Travancoreans ;

(*d*) the actual amount invested by the Government up to date in the company ; and

(*e*) the acreage already acquired for that company ?

RAJYASEVAPRAVINA G. PARAMESWARAN PILLAI : (*a*) (*b*) and (*c*). Information not available as the Fertilisers and Chemicals, Travancore Ltd., is a registered company and not a Government concern.

(*d*) Rs. 12,50,000 in shares.

(*e*) About 206 acres.

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Appendix 1.

***Vide* Answer to Question No. 1.**

Travancore has representation on the following Committees of the Post-war Reconstruction Committee:

I. *General Policy Committee of the Post-war Reconstruction*.

Indian States Representatives —

Sachivottama Sir C. P. Ramaswami Aiyar, (Travancore)

Sir Mirza Ismail (Jaipur)

Sir Maqbool Mahmood, Secretary to H. H. the Chancellor of the Princes.

II. *Policy Committee III (c)*, *Public Works and Electric Power* :—

Sachivottama Sir C. P. Ramaswami Aiyar (Travancore)

Mr. N. Madhava Rao (Mysore)

Sir Mirza Ismail (Jaipur)

III. *Policy Committee No. 4—C.—Shipping.*

Sachivottama Sir C. P. Ramaswami Aiyar, (Travancore)

Mr. S. V. Mukerji, (Naib Diwan of Baroda) (Baroda)

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PRESIDENT: As I stated earlier in the course of the day I feel it my duty, in view to the large number of questions and resolutions of which notice has been given and in view also to the controversy that is evidently proceeding with regard to the industrial policy of this Government, that I should state the policy and the details of our future programme. So far as I can s y there are three or four matters which aroused lively interest. One of such matters is the question of Post War Reconstruction Schemes. I shall not deal with that matter now. It will be time enough to discuss them when the reports of the various committees are in the hands of the Government. The other matter is the food position relating to which there has been considerable misunderstanding and misconception. Although the budget allotment for that purpose is technically non-votable, full discussion on the whole food position including procurement and distribution was allowed at the Budget Session. But having regard to the general desire on the part of Honourable members and the public to have a full elucidation of the position of Government, I have admitted a non-official motion to consider the food position, and it will be taken up on Wednesday morning, and any aspect of the food position, with regard to the procurement here and from elsewhere, with regard to the storing and with regard to supply and distribution may be raised by Honourable members and Government will endeavour to explain the position with the materials before them.

The only other points that have arisen which need elucidation on the part of the Government are in regard to the future agricultural and the industrial policy of this Government and also in regard to certain problems relating to the constitutional position.

I shall first deal with the Agricultural and Industrial policy. I see that a large number of questions were put today and are put for answer for the succeeding days with regard to the Travancore Fertilisers. Some of them have been answered, but I shall endeavour to take a bird's eye view of the circumstances. Some other questions have been asked which need not have been asked. One of such questions is "whether there is a proposal to lease out or get rid of the State Transport Service from the State Transport Department". It must be abundantly clear to the Honourable members of this House and to the public that Government have definitely announced it as their unalterable policy that what may be called the basic necessities of the people will be and will remain so long as the present policy of the Government lasts as the entire and exclusive concern of the Government. Such matters are water supply, drainage schemes, the supply of electricity whether by Thermal Stations or by Hydro-electric enterprise in bulk, transport and other matters which have been indicated in previous utterances on behalf of this Government. At no time will any proposal be entertained of any transfer, lease or disposal of the activities of the State Transport department to any private enterprise. Therefore, questions like 'whether they have agreed to sell or intend to sell their rights over the State Transport

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with all its assets to an outsider as rumoured in the State" is a deliberate mis-statement and the object of the Honourable member who put the question can only be associated with the objects to which I have referred. There is and can be no intention of leasing, selling or transferring the State Transport Department either to an outsider or to an 'insider'. The State Transport department will continue to remain a department of Government, they being solely responsible for it. Quite recently a theory has been propounded by those charged with the discussion of the future of hydro-electricity whether it would be handed over partly or wholly to private enterprise. The Government of India have asked this Government for their opinion on the matter and this Government have definitely replied that they will oppose private handling of hydro-electric enterprises and will never, so far as this State is concerned, consent to the production and distribution of electricity being in the hands of anybody other than those of the State.

Another set of questions related to the P. W. D. Workshops—what the intentions of the Government are with regard to the P. W. D. Workshops—whether there is an idea of selling or leasing the P. W.D. Workshops to anybody. The answer is as follows :—If there is one department of Government which demands great improvement and where the present state of things is not creditable to this Government, it is the P. W. D. Workshops. The accounts of the P. W. D. Workshops are in a state of confusion. The works done by the P. W. D. Workshops have not been worthy of this Government. More than that, I can say that at a time and during years when other Governments have made tremendous progress in engineering and produced various things as in Madras, Coimbatore, Madura, Bombay, Bezwada and Vizagapatam, our P. W. D. Workshop has been solely concerned in living a hand-to-mouth existence, has been not only unhelpful but some times obstructive to other departments of Government, in regard to the supply of necessary materials. Government have, therefore, definitely come to the conclusion that some method of improvement of the P W. D. Workshops is of vital and urgent importance having regard to the industrial programme which the Government have in view. From that point of view I may say that the Government have one underlying idea with regard to all their industrial developments as I shall endeavour to show presently.

I have been connected for 14 years with this State in one capacity or another. My idea from the beginning was to start an industrial revival in the State. Local attempts were tried, but they failed. I shall give details of the failure presently. This Government are definitely of opinion that ultimately, and I underline the word 'ultimately,' all the industrial enterprises that are coming into existence and are functioning or will function throughout the State, must belong essentially to the people of the State, both with reference to capital and personnel, direction and control. The question is whether we are to wait for an indefinite period for local enterprise, local talents and local capital to be harnessed for such a venture, or whether we should take the best possible means now of starting those industries with sufficient safeguards that those industries will come into the

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hands of the Travancore personnel or will be worked in the interests, solely and exclusively, of Travancore. When that alternative comes before the Government they would have no objection, nay, would be anxious to avail themselves of the services of any agency, Indian or European, American or African for the purpose of starting those industries and give a push to them at the outset. It may be that it may involve, for a year or two, the possibility of utilising outside personnel. We may have to encourage the bringing in of outside capital for a short time. But steps will be taken by the Government to see that ultimately and as soon as possible, sooner rather than later, this concern becomes a Travancore concern. It is not a matter on which I have come to a sudden conclusion now. It was 22 years ago that amidst tremendous opposition this particular programme, more or less stated in the same words as I am now stating, was placed by me on the floor of the Madras Legislature which at that time strongly opposed the starting of the Pykara Scheme which engendered the utilising of foreign enterprise and foreign agency.' At that time I said what I shall now repeat. If we should get some amount of capital from outside, some personnel from outside, some initiative from outside for a rapid industrialisation so that we might come abreast of the other countries and other units of India and elsewhere in the tremendous competitive era of the future, I have no hesitation in saying—and I do feel as strongly for Travancore as any Travancorean does - that I shall welcome that support. From that point of view I sought to obtain the help of well-known organisations in Madura, Coimbatore, Bombay, Calcutta and Delhi to work our P. W. D. Workshops and put us in the way. Terms were offered. Some were accepted and some were not accepted. But before I came to a decision on the matter and before I was able to advise His Highness, I wanted to make another experiment. I wanted to obtain the services of one who was a specially trained Mechanical Engineer in addition to having been an eminent Chief Engineer of the Madras Government and, as a result, there has been imported into the State an 'outsider' Dewan Bahadur L. Venkitakrishnan. His work has been watched by me for over 25 years. I came to the conclusion that if there was anybody who could remedy things in the P. W. D. Workshops and superintend our engineering schemes, he was one of the people who could be thought of. Therefore it is as an alternative of handing over this concern for a year or two to an outside agency by way of loan for conducting the P. W. D. Workshops that we are now trying the possibility of improving it from within and I am hoping that that experiment will succeed. If that experiment does not succeed I shall have no hesitation in seeing that the very best possible Engineering Firm whether in England, America or India is brought to this State so as to make it possible for us to produce those machine tools, those replacements and those spare-parts without which the work of our Transport department and our engineering work cannot be conducted expeditiously or with advantage. Therefore, there is no question at the present moment of selling, leasing or transferring in any form the P. W. D. Workshops to any body.

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Let me make a retrospect of the industries of the State. I start with the year 1936, when His Highness did me the great honour of asking me to associate myself with the Government of the State. At that time there were only three industrial concerns in the State in which the Government were interested. One of those was the Rubber Factory. It was opened by the Government in 1935 as a Government concern. On the 11th December 1936 Government entered into an agreement with Mr. Swaminathan and then with Mr. A. V. Thomas who had offered to take up the management of the factory. A limited liability company was floated by Mr. Swaminathan and the factory was leased. The lease was for a period of ten years. The payment of interest on the capital was 4% and 2½% on actual cost of building. The company stopped working later, and resumed work in April 1937, but production was stopped. The factory closed down in February 1938. Therefore, notwithstanding that we were the largest producers of rubber in India and notwithstanding that there was a very great demand for the goods produced, business habits were lacking, enterprise was lacking, many things that go to the efficient management of business were lacking with the result that the business was closed. The Government took possession of the factory in July 1938. No work was done till December 1940. Though the departmental heads were put in charge of the works they were not able to do any work. In December 1940 the factory was leased to the present management—The Travancore Rubber Works. The personnel consists of the Travancore Government and Sir Chinnu Bai Madhavlal, one of the great industrialists of Bombay who is also conducting a Rubber Factory elsewhere. Under a lease arrangement, Government are getting an annual amount equal to 4 per cent of the capital cost and depreciation and 4 per cent of the value of the machinery. Besides, the Government are getting one half of the profits by working the factory as a partner. In 1117 the profit received by the Government as their half share was Rs. 5,05,341, and in 1118 Rs. 6,72,542. Thus in these two years we have got our half share of the profit in respect of the Rubber Factory above Rs. 1½ lakhs, after having spent Rs. 9 lakhs on the factory in toto. Considering what was done up to 1940 and what has happened after 1940 and considering also that the personnel has not been changed, what was an indubitable loss is now an absolute profit, and although it might be argued that it was only a war profit, we are confident that after the war the prices that we shall get for these rubber goods will be greater than the controlled prices that are now offered by the Government of India in respect of our products. Therefore we may be assured that this factory will be one of the resounding successes of our industrial policy. The Government are a partner in this concern and in regard to this matter attempts were made by me personally to enlist the taking of shares by local persons. At that time and afterwards also the attractions of tea and rubber estates proved to be so great that people did not take any interest in

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this concern. The result is that many people are not now getting large profits which might have been theirs if only they had taken shares.

Now I come to the Sugar Factory which had rather a chequered career. The Sugar factory was originally run by a local Joint Stock Company entitled "The Travancore Sugars," to whom Government gave much financial assistance in the shape of loans. The company was not able to run the factory successfully. They wanted to go to an outsider for help which they subsequently did. With the permission of the Government they entered into an agreement with outsiders. Finally they took up the possession of the Factory on 17-1-1937 and requested the Government to make suitable arrangements to carry on the business. The Government agreed. Concerted measures for the satisfactory working of the factory were taken. Notwithstanding all these efforts; the company found that it was not possible to get any suitable person to undertake the working of the factory. They therefore resolved to wind it up. They approached the Government to purchase the whole assets and liabilities for a consideration of Rs. 55,000. The Government approved the proposal and purchased the whole assets. The company's properties therefore, passed into the hands of Government on the 6th June 1937. At that time the alternative before the Government was how this Sugar factory was to be run. Messrs. Parry and Co., are practically the sole producers of Sugar in the Madras Presidency. They have a Sugar factory of great dimensions in Samalkote. They have got a Sugar factory in Ranipet and in the Tinnevelly District also. They produce confectionery, alcohol and various kinds of tinctures. Though we ourselves could have started the production of those things no profit was likely to accrue, and therefore the Government came to the conclusion that although Parry and Co., were outsiders we should enter into an agreement with them and give them the agency. The result of it is that today our Travancore Sugars are well-known throughout India. Travancore essences and tinctures not only suffice for the requirements of the State, but are being exported outside and the alcohol that they produce is used for industrial purposes. They have turned out a great success and today I can say that the personnel is largely Travancorean and the policy is essentially controlled by Travancore.

The Ceramic Factory started work from 1936. Clay refining was started in 1938 for producing china-clay for paper and other industries. This practically finishes all the industries that were in existence in 1936.

There is now a Match Factory. It was started in 1937. The company had to encounter several difficulties and they transferred their products to Vanchinad Matches. Although match factories have been in existence for over 20 years in the State, they were generally being worked at a loss: they produced only small boxes which had no sale outside. Outside enterprise was needed to give a fillip to the industry. There have been two match factories in the State. In

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order that this House may know what their fate was and how they progressed, I might give more details. They did practically no work. The existing factory started work eleven months ago. It may be noted that there is no place in India—or at any rate there are only very few places in the world—which can afford the same facilities and advantages for the production of matches as Travancore, because it is now a conceded fact that the soft wood produced abundantly in Travancore is the best from every point of view for the production of matches. During these eleven months of its working, this match factory has paid excise duty of Rs. 4,65,782 in addition to income-tax of Rs. 25,000. The manufacture of matches in the State now stands at 50,00,000 gross, and is more than the needs of the State. Therefore we are now under negotiation with outside agencies for the export of of these matches from the State. That is the exact position.

Now, to summarise. In the year 1936 we had four concerns three of which had shut down and one concern, the Ceramic Factory continued. If industrialisation had to progress, some steps had to be taken to rouse the people from their absence of any devotion to industrial development and give object lessons on industrial expansion. One of the first steps taken in this respect is with regard to Aluminium. We have no iron ore in the State, and therefore, if industrialisation has to depend upon iron ore, on the development of iron industry, we are, and must remain behind-hand in that respect. But, fortunately within the last few years aluminium has come to occupy a proud place. With regard not only to vehicles like the motor cars but in regard to all the matters concerning structural engineering, aluminium is fast coming to a place of primacy. Bauxite, which is the principal source of aluminium, is available in the State. Therefore, if an aluminium industry has to be started in this place—this means not only the production of crude or refined aluminium but also the creation of workshops and industries including the making of what are called the bodies of aeroplanes and other machinery—a certain encouragement has to be given to the aluminium industrialists to come to Travancore. At the time when this Government thought of this aluminium industry as one of the integral items of the future industry of the country, my friend Sir Mirza Ismail, was in negotiations with this very aluminium company for locating its headworks in Mysore. It was, however, my good fortune on behalf of the State to give better terms to the promoters and thereby deflect the industry from Mysore where they had made all arrangements to start the industry. For that purpose I had to give them certain inducements and I am making this public for the first time. The aluminium that is produced at Alwaye depends upon the stuff that is produced either in Canada or in Bihar or in Calcutta. That stuff is shipped from Canada or transferred by rail from Bihar to Calcutta and from Calcutta by steamer over to Travancore or direct by rail from Bihar. Work in the Aluminium factory begins at this stage. The Firm turns out of that material, with the machinery and the plant that it has established

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there, aluminium in ingots. These ingots are now immediately taken away for war purposes so that not an ounce of aluminium is now available from the Workshop at Alwaye to anybody within or without the State for purposes other than those concerned with the campaign that is now going on.

Now what were the inducements that were given? The inducement that was given lay in the allotment of cheap power. I promised that Travancore would give power cheaper than in Mysore provided they established their factory in Travancore. It was also made a condition that they will have to pay income-tax, super-tax or excess profit duty and other incidental taxes. On that basis they were persuaded to work here. I regard that the foundation of the industry in aluminium is one of the most fundamental factors in regard to the future industrialisation of the State. What have been the results? In the year 1119 the company paid electric charges to an extent of Rs. 3,92,474. That was at special concession rates which were given to the Aluminium company to induce them to start business in Travancore rather than elsewhere. I would now ask Honourable members to pause and reflect whether any one concern in Travancore or in India would be able to conduct operations on such a scale as to pay 3 to 4 lakhs of rupees per year. This will bring us about Rs. 6 to 7 lakhs per year in course of time from that one company alone by way of electric charges Which other company can pay so much on such extensive lines? In addition there is income-tax and super-tax. I made another suggestion to the Aluminium Company, *viz.*, that no further concessions nor facilities would be given to the company, however powerful that company might become and however much they might be backed up by other Governments unless they made it an Indian Company and allowed Travancore to take shares in that Company. In three weeks from today an issue of Rs. 75 lakhs will be made to the people of India and Travancore would get a substantial share in the capital. We have earmarked our share in that capital so that we shall be partners in the aluminium concern, having in addition the other advantages to which I have already referred to. Why do I take so much time in dealing with the question of aluminium? It is because of its infinite potentialities in the shape of subsidiary industries to the State. It is necessary to start a first rate industry and to give special inducement for industrialists, manufacturers and entrepreneurs to come here and give them facilities to work. But they should not say that for the first few years we relied only upon Canadians for the work. As a matter of fact, today the large bulk of the people in this concern are not Englishmen but Canadians. But they are under an obligation to train Travancoreans for places of trust and reponsibility in it when ultimately we will become the owners and controllers of the company. In pursuance of this understanding they have already sent a man to Canada for being trained and for taking up a high position in the factory. No efforts on the part of the Company will be spared—either the Aluminium company or the Fertilisers and Chemicals—in replacing their present personnel by Travancore personnel to the maximum amount possible. That is an undertaking which has been exacted from all these companies at the time

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when they started the industry. The idea of this Government is that the chemical and physical processes of the most elaborate scientific intensity and profundity should not be conducted by persons who are not in their own confidence. That would be to ask for the most impossible and impracticable thing. Therefore it is that we are reconciling ourselves for the first two or three years with the personnel brought from Canada and the U. S. A. Progressively, Indian interest both as regards personnel and capital would gain strength.

Now I come to another very important matter which is evidently evoking a lot of interest in the minds of the Honourable members,—the Fertilisers and Chemicals. It was 22 years ago that I suggested the fixation of nitrogen for the purpose of agricultural improvement in the Madras Presidency. One of the objects with which the Pykara scheme, the Periyar scheme and also the latest scheme, the Thungabhadra scheme, were initiated, was for the fixation of nitrogen and sulphate of ammonia and other nitrogenous products towards replenishing the depleted soil. The Government of India did not think at that time that it was necessary. But the needs of the War have forced it on the attention of the Government of India. However, long before the Government of India thought of it—two years earlier.—I do not say it in a spirit of egotism or in a spirit of exultation—it may be said to the credit of the Travancore Government, to the credit of the Government of His Highness, than whom the subjects could have no greater well-wisher or benefactor,—this question of the sulphate of ammonia and the necessity for fertilisers and chemicals were brought before this House. The Government of India appointed an expert committee, the Technical Mission, to advise on the production of artificial fertilisers in India. That Mission reported that the only nitrogenous fertiliser to be recommended would be the sulphate of ammonia. I am referring to page 75 of the Report of the Technical Mission published in 1944 by the Government of India.

> "Looking into the future and considering the possible production of fertilisers in quantities amounting to 3,50,000 tons a year, we are of opinion that the .etc.
> ... ..."

Now, we have certain special facilities for the production of sulphate of ammonia which other parts of India have not got. This part of the world is, geologically considered, one of the two oldest in the life of the earth. Naturally, therefore, the soil which has been intensively used for centuries has been, if not denuded, exhausted progressively, so that it now needs a tonic by way of fertilisers so that the productivity of the soil can be kept in that form in which it has served us in the past. We have this advantage. For the production of sulphate of ammonia, gypsum and charcoal are essential. Charcoal is and can be produced in limitless quantities from the soft woods in

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the forests of our State. And if we can produce charcoal and get gypsum, we are in a better position than most other parts of India. This fact was mentioned to the Government of India, and therefore they have allowed us, although with some doubts at the beginning, to conduct o ur own negotiations and our own investigations. It has now been decided that the Government of India is starting a factory in Bihar for the production of sulphate of ammonia. Bihar has less facilities than ourselves, but that is for the Government of India to decide.

How are we to get gypsum? That is where the Seshasayee Brothers come. Messrs. Seshasayee Bros., were one of the three Indian groups which alone took advantage of Hydro-Electric power in the years 1925, 1926 and 1927. When Pykara produced Hydro-Electric power and we were auctioning that power, the big industrialists—I am speaking with special reference to my friends the tea planters of Nilgiris—sniffed at us and although available within 25 miles of their factories, would not take power from Pykara but would content themselves with their steam-produced power. At a time when big firms like the Harvey Bros. declined to take one ounce of that power—now they are taking limitless quantities—at a time when big European and Indian concerns declined, Messrs Seshasayee Bros. ventured and started the Chemicals and Fertilisers industry in Madura. They have made it a great success. Messrs. Seshasayee Bros. started with no advantages,—they had no capital, no backing, but they had enterprise, enthusiasm and patriotism, and so they built up a great business. Now, moreover, they hold the exclusive licence for gypsum in the Salem and Trichinopoly districts. Therefore if you have to buy gypsum it must be from the Seshasayee Bros., just as the Madras Government will also have to buy only from them.

Negotiations were entered into with Seshasayee Bros., for the purpose of starting Fertilisers' factories on their own initiative for two reasons. First of all they had experience in that business. I was not prepared to hand over a business of that importance, a business with which the future of the State is inextricably bound, to anybody else. Moreover they were licensees of gypsum in British India from where we have to import. And therefore we entered into negotiations with them, just as we entered into negotiations with the Aluminium Company, with the Parry and Company and, now, with the biggest Indian Steam Navigation Company of India to start steam navigation on a business like footing in Travancore. In other words, the policy of this Government in starting these great pioneer ventures is to utilise the experience, whether European or Indian, Travancorean or Non-Travancorean, for the purpose of seeing that the business is started on the best possible lines. That is the genesis of Messrs. Seshasayees' interests in this concern.

Here again I would like to make another thing perfectly clear. As soon as the Travancore Government made up its mind to start this fertilisers industry, there were many others like the Imperial Chemicals Industry whom Government approached to start the industry here.

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I hope they will see what I am saying here. Some years ago, before I approached anybody else, I sent for some of the topmen of the Imperial Chemicals Industry who are personal friends of mine to whom I made a personal appeal to start a Fertilisers and Chemicals Industry in Travancore. But they said "At no possible future time is it likely that you will be able to compete with imported chemicals and fertilisers. Therefore we will not start the concern". Therefore it was that I gave up the Imperial Chemicals Industry and I made up my mind never to negotiate with them.

The Government of India were at first, naturally, reluctant to allow crores of rupees to go out of England, and wanted to know whether we could not get from England what we had ordered for from America. But we were of the opinion that England had not enough experience in agriculture. England had neglected its own agriculture; it was the last war which brought England alive to the needs of their agriculture. They had neglected it till then: they were behind every country in the world, behind Germany, France, Russia and Japan. It is only during this War that they are self-sufficient. But in agricultural science, in the manufacture of agricultural implements, of tractors, in the production of sulphate of ammonia, phosphates and nitrates, in the utilisation of Chilean nitrates, England was one of the backward countries in the world. And therefore it was that this Government made up its mind to negotiate with American industrialists. And that is why the inter-continental corporation with very live wires came into existence. Then the question of dollar currency arose. As is well known India is never a creditor country, and to ask for dollar credit would be to make things more difficult. But all honour to the Government of India, all honour to the British Capital when the matter was put to them fairly and squarely that we preferred to place our orders in America for reasons which have been indicated, they consented after a certain amount of natural and legitimate hesitation. It must be said to the credit of the Government of India and acknowledged by us with gratitude that they had made available to the State three millions of dollars credit to start with. There are our representative, Mr. K. P. P. Menon, the representative of Messrs. Seshasayee Bros., and the representative of the Inter-continental Corporation, who are now touring round the United States and Canada and getting into contact with all the firms that are producing the plant necessary for us. That plant will come. But it is also my idea that excepting those items which cannot but be advantageously be purchased in America, all the rest of the items should be purchased from other countries with which we are governmentally linked. Therefore, so long as we get Indian goods, the policy of this Government will be to buy Indian goods, so long as we get Travancore goods, to buy Travancore goods, so long as we get goods from England, to buy from England. The orders are very likely to be placed soon. Some orders in connection with this very matter will have to be placed with

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England. And I have given special instruction that no orders which could be placed with England, should, by preference, be placed with America, because of the position of India as a debtor country.

Very likely, for the first year or two, a large number of people who will work that plant will be Americans. We cannot get away from that fact. But Honourable members may take it from me – and I say it now from my seat here which I trust will be heeded to by those who follow me in this office—that the policy of this Government will be to replace every one of those people by Travancoreans as quickly as possible. To those who have come here, I have said 'you, are engaged on a self destroying mission.' I have said this in addition that the more and more facilities are given to them, the more and more quickly they should disappear from the scene. So that this introduction of foreign personnel in industrial matters will be like the policy pursued by Japan. Whether you like the later policy of Japan or not, their policy of industrial development was a very wise one. The whole of their ship building was done by Germany, the whole of their army was reorganised by Germany, the whole of their military equipment was reorganised by England and France. What they did was to increase the salary of the foreigner to the extent they trained the natives. They said 'If you train one man, your salary will be this. If you train ten men, your salary will be greater. But in ten years, you will walk out' That will be our policy also. At the start Government have to man the concern with some American or other outside personnel but in due time Travancoreans can get a preponderating voice in its management and control the trained personnel. And Honourable members will realise that not otherwise will there be any intensiveness in industrial advancement.

It might be said 'We have got on very well in the past. Why should we be apparently in such a desperate hurry about industrialisation? Why should we so quickly start all these various enterprises?' The answer is obvious. The war started in 1939. We are now in 1945. Australia which had no ship building industry in 1939, is now one of the three or four ship-building nations in the world. Canada was not an industrial country. But today Canada supplies aeroplanes to England. To-day we have to buy machinery by preference from Canada and Australia rather than England because they have speeded up their industrial production. Whatever the Dumbarton Oaks Conference or the Ottawa Conference may resolve, industrial and economic competition is going to be intenser after the war than it was ever before and no mercy and no quarter will be given to the unit which remains behind-hand in industrial expansion and economic development and that unfortunate unit will have to face complete economic extinction. We might say that industrialisation would be impossible unless we do it within the next five or ten years, whatever may be the sacrifices, sacrifices even of self-respect or of jettisoning our own personal interests.

Even before the Aluminium industry was started, there was another industry in my mind. That was the bleaching and weaving industry. At that time, Sir Victor Sassoon, one of the multi-millionaires of the

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world, who was a close personal friend of their Highnesses-and incidentally I might mention he was also one of my ancient acquaintances—was putting in his money in China. He started industrial concerns in China worth over forty crores of rupees. At that time I had the melancholy credit of having told him, 'China's future is not certain. Why not put some of your money in Travancore.' But he did not consider it worthwhile. He is now thinking differently from what he thought then. I gave him definite suggestions for starting a textile mill at Alwaye. But I am sorry to say that on account of other preoccupations, Sir Victor has not been able to devote as much attention to it as he should have, and therefore it is an industry which is causing anxious consideration to Government. Unless they retrace their steps very few facilities will be extended to that great company in future.

Glass Manufacture. There again the policy of Government is very clear. The sands of Shertallai are now admitted to be the best possible material for the production of glassware of various kinds. Therefore attempts were made by me for some time to interest people in starting a glass manufactory here. There are some inside and some out-side this House in Travancore with whom I have contacted on this matter. They promised to look into the matter. But three months, elapsed, then the three months extended to six months, six months into an year, a year extended to five years, and yet no factory was started. And therefore it was that when Messrs. Ogale, the biggest glass manufacturers in India, after having made experiments with Shertallai sands, wanted to start their factory there, they were allowed to do so.

Now I come to another aspect which illustrates the policy of this Government, which I have already indicated. For many years the mineral sands of Travancore were shipped to America and to England in huge quantities. Leases for the purpose were entered into with these companies years ago. The lease with the Travancore Minerals Company which was given in 1928, terminated in November 1943. The leases of another company terminated in 1942 and 1945. Yet another company's lease terminates in 1945. What was happening all these years was that these sands were used for the production of goods, the nature and utility of which were not known to Travancoreans. In fact, some of us were wondering why those companies were wasting their time, money and energies in sending shiploads of sand. They produced out of those sands, materials like ilmenite, sillimanite, and Zircon which are of the greatest possible value to industry in a variety of purposes. It was only the articles contained in scientific magazines or in popular journals like the Scientific American that first opened the eyes of the Travancore Government to what has been done. The royalty that we got was Rs. 30 per ton, while it could be safely said that what they got out of the ton was about Rs. 2,000 in America. So that goes on. We then came to the conclusion that such a process should not be allowed to continue. Therefore this Government as soon as the leases were terminated, gave notice to all those companies that the leases would not be renewed unless and

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until they started manufacture of the sands in this State. Let me illustrate what that means. All these sands when they go to America are put into a bath of sulphuric acid. Ten tons put into a bath is reduced to five tons, then other chemicals are used. Ultimately half a ton emerges as the final product, from which is manufactured those substances which are useful in the felt trade, in the production of titanium oxide which is used as paint for aeroplanes and also various other things of great value. Supposing we make that sulphuric acid here and have that bath process performed here, how much better would it be from the point of view of this country and of its industrial future? That is the reason for the starting of the factory for the manufacture of sulphuric acid here in conjunction with the one for the manufacture of sulphate of ammonia. We are under an obligation to the cultivators of this State to give sulphate of ammonia without even making the most nominal profit but just enough to cover the overhead charges. Therefore it is that the loss which we may sustain in selling that sulphate of ammonia whatever be the price for the production of it, must not be taken into account. We have to sell sulphate of ammonia at specially low rates in order to induce the cultivator to use that article. It is also very necessary to start a very urgent and State-wide propaganda and demonstration farms for the purpose of showing to the agriculturists the undoubted advantages of the utilisation of artificial manures. All that may necessarily end in some loss. But how is that loss to be met? It is to be met by another product of the Travancore Fertilisers and Chemicals Ltd., which will produce sulphuric acid in respect of which we can charge any reasonable rates and make reasonable profits. If we choose to produce that it is because of the paramount importance of sulphuric acid as an essential component of industrial development. It is on account of that that the Travancore Fertilisers and Chemicals have been started with a capital which is now fixed at Rs. 3 crores: but it might very easily go up to 5 or 6 crores. That capital will be utilised for the purpose of producing sulphuric acid and later on nitric acid; and by the utilisation of the salts which will be produced in our factories as also brine, it is possible to produce nitrates and potash, etc. It is because of the inter-relation of these industries—of the salt industries, brine industries, soft wood industry, fertiliser industry, aluminium industry and the mineral sands industry, that it has become necessary to start the Travancore Fertilisers and Chemicals, on such a grand scale. In other words, aluminium and chemicals would be the main industrial preoccupation of the State. I may say, that side by side with these activities, if we have sulphuric acid and other acids, we could produce electrons. We are producing caustic soda and potassium compounds of various kinds out of the brine in the sea water. We can also produce magnesium products of various kinds which are used in various industries. By means of laboratory experiments we are producing gypsum. Every ingredient of the fertilisers could be produced from sea water. The other day, His Excellency the Viceroy saw that process demonstrated in the laboratory and he was very surprised at it because he never thought that we could at any time produce gypsum. It could

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be produced, but it is not being produced on a commercial scale. If research, industry and inventive genius are put into the industry, from sea water could be produced various chemicals on a large scale.

These, therefore, are the main industries and the industrial policy of the State. The point therefore is that, whether in respect of textiles or aluminium or glass industry, mineral sands industry or sulphuric acid industry or phosphates or nitrogen industry, we want certain essential components. We are very anxious to get them. We shall get them by the utilisation of local capital if that is forthcoming. If local capital is not forthcoming, outside capital will be welcomed. But care will be taken to see that the direction of all these companies is vested in the State. I have made a regular rule as part of the policy of this Government that in all basic industries, 51 per cent. of the share capital, the main voting power in the company and the ultimate control of policy, should be vested in the State. In regard to the Steam Navigation company, the question was whether the Government of India will ever get the coastal navigation, whether India will be allowed to protect its own coastal navigation against the very big attempts that are being made by Australia and other countries to start navigation in India. From that point of view it becomes necessary to enter into negotiations with the Government of India and the Government of England. It will be necessary and it will be the elementary duty on the part of Indian public men, on the part of every Indian Government to study what Australia has done. India should have the monopoly or at all events a lion's share of the coastal navigation. Those negotiations would be delicate, troublesome and prolonged. It cannot be otherwise. From that point of view, very many years ago, I made up my mind not to have any director-ship in any of the companies. But I have now agreed to serve as the Chairman of the Travancore Steam Navigation Company for one year so that I may be able to carry on and complete certain essential discussions and negotiations that had to be done with the Government of India and the British Government in regard to the paramount question of coastal shipping. In that coastal shipping concern, 51 per cent. of the shares will be held by Travancoreans. We shall go into the possibilities of coastal navigation which are within our grasp. If we fail in that, the fault is of the people. If we succeed, it will be to our advantage.

Certain other businesses which are not particularly of paramount importance have been started and the Government are only too anxious to encourage private enterprise and initiative. One such example I may mention. There was a wood-work and toy manufacturer. A person called Mr. Ittycheria is the chief man connected with it. He by his inventive mind has produced excellent products in toy line. I can bear testimony to the very rare qualities of his inventive genius. He was running a small factory but was not making profits. It was not a success for him, from the point of view of Government, because of his poor arithmetic. So the alternative was that Government asked him whether he would take over the Government Wood and Toy works and work it up for a period of 3 to 5 years and earn his profit by

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utilising his initiative, genius and capacity in trade. Government had no hesitation in coming to the conclusion that he would be a great success in that trade. A loan has been granted to him and he has executed an agreement. He will now be floating a public company for the purpose of starting wood works in Travancore. The manufacture of plywood furniture with artistic designs will be done by him. He is one of the foremost people in the line in India and his capacity has been borne testimony to by the highest in the country. In all these things, if enterprise, initiative and inventive genius will be available in local people who start businesses, Government will not only be anxious to encourage them but will even finance them to some extent. If on account of deficiencies the business ends in loss, that will be made up by Government. There is no hesitation on the part of Government to help such enterprising men in Travancore. Paper and paper pulp, rubber goods including motor tyres, plywood, plastics, rayon and ceramic ware are some of the special industries of the State on which Government laid great emphasis and for which the State possesses great natural advantages and holds a key position. Notwithstanding the languishment in trade, Government will be the first to encourage the industries started in Travancore by Travancoreans.

These are some of the main items of the industries and the policy of Government. We are as anxious as any one that the capital of Travancore should be vested in Travancore industries. We are as anxious as any one that all these industries should be worked by Travancoreans for the benefit primarily of Travancore and secondarily of India. But this result cannot be achieved at once. Trained personnel have to be brought into existence, research has to be undertaken, co-operation of industrial and business experts has to be secured. Great industries may have and will have to be started with outside capital and outside assistance but every step will be taken from the beginning to turn them into Travancore undertakings ultimately. In these matters we should take long range views and work not for today but tomorrow and the day after. Time is precious. Whether in industry or agriculture, unless we wake up soon and take rapid strides at the proper time, and adopt new methods of production, other countries, other provinces, other units will out-strip us. That is why Government are anxious to start new industries in the State, all the time keeping in the forefront of their thoughts the interests of Travancoreans. It may be necessary to utilise, provisionally, outside capital and outside personnel and enterprise but that does not mean and should not be interpreted as indicating that Government are unmindful of the interests of the people. There can be no greater lover of his country and protagonist of its progress than His Highness the Maharaja and His Highness's Government will take whatever steps are necessary and desirable for the purpose of achieving the desired result of putting Travancore as soon as may be on the industrial map of India.

The House adjourned for lunch at 2-12 P. M. and reassembled at 3-12 P. M.

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